



JOHN CHIANG
California State Controller

February 21, 2014

Debra Kaplan, Superintendent of Schools
West Covina Unified School District
1717 W. Merced Avenue
West Covina, CA 91790

Dear Ms. Kaplan:

The State Controller's Office reviewed the costs claimed by the West Covina Unified School District for the legislatively mandated Standardized Testing and Reporting (STAR) Program (Chapter 828, Statutes of 1997) for the period of July 1, 2001, through June 30, 2004. We conducted our review under the authority of Government Code sections 12410, 17558.5, and 17561. Our review was limited to ensuring that the California Department of Education's STAR Program apportionment was properly offset.

The district claimed \$482,414 for the mandated program. Our review found that \$444,473 is allowable and \$37,941 is unallowable. The costs are unallowable because the district did not report any offsetting reimbursements, as described in the attached Summary of Program Costs and the Finding and Recommendation. The State made no payment to the district. The State will pay \$444,473, contingent upon available appropriations.

We informed Manoj Roychowdhury, Director of Fiscal Services, of the review finding via email on January 31, 2014. We did not receive a response from the district.

If you disagree with the review finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's website at www.csm.ca.gov/docs/IRCForm.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, by phone at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/mh

Attachments

RE: S14-MCC-949

cc: Robert R. Coghlan, Assistant Superintendent of Business Services
West Covina Unified School District
Manoj Roychowdhury, Director of Fiscal Services
West Covina Unified School District
Marlene Dunn, Director
Business Advisory Services
Los Angeles County Office of Education
Peter Foggiato, Director
School Fiscal Services Division
California Department of Education
Carol Bingham, Senior Fiscal Policy Advisor
Government Affairs Division
California Department of Education
Thomas Todd, Assistant Program Budget Manager
Education Systems Unit, California Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Attachment 1— Summary of Program Costs July 1, 2001, through June 30, 2004

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 5,285	\$ 5,285	\$ —
Test materials, supplies, and equipment	3,332	3,332	—
Pre-test and post-test coordination	92,867	92,867	—
Test administration	12,845	12,845	—
Reporting and recordkeeping	43,723	43,723	—
Total salaries and benefits	158,052	158,052	—
Materials and supplies:			
Test materials, supplies, and equipment	17,786	17,786	—
Total material and supplies	17,786	17,786	—
Total direct costs	175,838	175,838	—
Indirect costs	19,202	19,202	—
Total direct and indirect costs	195,040	195,040	—
Less offsetting reimbursements	—	(12,818)	(12,818)
Total program costs	\$ 195,040	182,222	\$ (12,818)
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		\$ 182,222	
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 55,705	\$ 55,705	\$ —
Test materials, supplies, and equipment	1,950	1,950	—
Pre-test and post-test coordination	66,020	66,020	—
Test administration	46,028	46,028	—
Total salaries and benefits	169,703	169,703	—
Materials and supplies:			
Test materials, supplies, and equipment	32,409	32,409	—
Total material and supplies	32,409	32,409	—
Total direct costs	202,112	202,112	—
Indirect costs	17,867	17,867	—
Total direct and indirect costs	219,979	219,979	—
Less offsetting reimbursements	—	(12,705)	(12,705)
Total program costs	\$ 219,979	207,274	\$ (12,705)
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		\$ 207,274	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 17,220	\$ 17,220	\$ —
Test materials, supplies, and equipment	4,295	4,295	—
Pre-test and post-test coordination	15,083	15,083	—
Test administration	8,701	8,701	—
Reporting and recordkeeping	12,388	12,388	—
Total salaries and benefits	57,687	57,687	—
Materials and supplies:			
Test materials, supplies, and equipment	7,085	7,085	—
Total material and supplies	7,085	7,085	—
Total direct costs	64,772	64,772	—
Indirect costs	2,623	2,623	—
Total direct and indirect costs	67,395	67,395	—
Less offsetting reimbursements	—	(12,418)	(12,418)
Total program costs	\$ 67,395	54,977	\$ (12,418)
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		\$ 54,977	
<u>Summary: July 1, 2001, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 78,210	\$ 78,210	\$ —
Test materials, supplies, and equipment	9,577	9,577	—
Pre-test and post-test coordination	173,970	173,970	—
Test administration	67,574	67,574	—
Reporting and recordkeeping	56,111	56,111	—
Total salaries and benefits	385,442	385,442	—
Materials and supplies:			
Test materials, supplies, and equipment	57,280	57,280	—
Total material and supplies	57,280	57,280	—
Total direct costs	442,722	442,722	—
Indirect costs	39,692	39,692	—
Total direct and indirect costs	482,414	482,414	—
Less offsetting reimbursements	—	(37,941)	(37,941)
Total program costs	\$ 482,414	444,473	\$ (37,941)
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		\$ 444,473	

¹ See Attachment 2, Finding and Recommendation.

Attachment 2— Finding and Recommendation July 1, 2001, through June 30, 2004

**FINDING—
Unreported offsetting
reimbursements**

The district did not report offsetting reimbursements totaling \$37,941, because it did not report any of the Standardized Testing and Reporting (STAR) Program apportionments received from the California Department of Education (CDE) for the review period.

On August 24, 2000, the Commission on State Mandates (CSM) adopted the statement of decision for the STAR Program. The CSM determined that Chapter 828, Statutes of 1997, and the implementing regulations at Title 5, *California Code of Regulations*, sections 850 through 904, imposed a state mandate upon school districts reimbursable under Government Code section 17561, commencing October 10, 1997.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The CSM adopted the parameters and guidelines on January 24, 2002. In compliance with Government Code section 17558, the State Controller's Office issues claiming instructions to assist school districts in claiming mandated program reimbursable costs.

On reconsideration under Statutes of 2004, Chapter 216, section 34; and Statutes of 2004, Chapter 895, section 19, the CSM found that effective July 1, 2004, many of the reimbursable activities were either federally mandated or no longer required, and thus were not reimbursable. Accordingly, the CSM deleted references to the non-reimbursable activities and renamed the program the "National Norm-Referenced Achievement Test" effective July 1, 2004. This latter program has been suspended since September 30, 2008.

The parameters and guidelines for the STAR Program (section VII. Offsetting Savings and Reimbursements) state:

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, services fees collected, federal funds and other state funds shall be identified and deducted from the claim.

Education Code section 60640, subdivision (h)(1), specifies that the State Superintendent of Public Instruction shall apportion funds to school districts to enable them to administer the tests within the STAR Program. For the review period, we determined that the district received \$60,216 from the CDE.

We determined the amount that should have been offset by multiplying the total CDE apportionment by the reimbursable mandate percentages, which are based on test results published on the CDE STAR website. The district administered the following STAR tests during the review

period: California Standards Test (CST); Stanford Achievement Test, Ninth Edition (SAT-9); California Achievement Test, Sixth Edition Survey (CAT/6); Spanish Assessment of Basic Education, Second Edition (SABE/2); and the California Alternate Performance Assessment (CAPA). The CST and CAPA tests are not reimbursable because they were not pled in the test claim that created this mandate.

Based on the CDE's published test results, the reimbursable mandate percentages are as follows: 65.08% for fiscal year (FY) 2001-02, 63.24% for FY 2002-03, and 60.78% for FY 2003-04.

The following table summarizes the unreported offsetting reimbursement calculations for the review period:

	Fiscal Year			Total
	2001-02	2002-03	2003-04	
STAR Program Apportionments				
CDE apportionment	\$ (19,695)	\$ (20,090)	\$ (20,431)	\$ (60,216)
Mandate-related percentage	x 65.08%	x 63.24%	x 60.78%	
Mandate-related apportionment	(12,818)	(12,705)	(12,418)	(37,941)
Less offset CDE apportionment	-	-	-	-
Review adjustment	<u>\$ (12,818)</u>	<u>\$ (12,705)</u>	<u>\$ (12,418)</u>	<u>\$ (37,941)</u>

Recommendation

We recommend that the district ensure that all applicable reimbursements are offset against mandated program costs.